

Retiring Fixed Assets

MUNIS

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1 Introduction

By following the instructions in this guide, you will be able to retire an asset and determine the actions related to depreciation required to properly reflect the Fixed Asset balances in the General Ledger as of the retirement date.

1.1 Summary

MUNIS provides the capability to retire or dispose of an asset through the **Transaction** option of **Retirement/Disposal**. Processing the transaction changes the asset's status to **Retired**. It also removes the asset's related balances from the General Ledger's fixed asset fund by automatically creating a Fixed Asset Retirement Journal Entry (FAR JE). Before retiring the asset, MUNIS automatically calculates and posts depreciation (FAD JE), if applicable, through the retirement transaction date.

If the reason for the retirement is to remove an asset posted in error, or if the retirement is required for a GASB 34 audit adjustment (effective for the prior year), then change the asset's **Depreciate (Y/N)** field to **N** before retiring the asset to avoid depreciation calculation through the retirement transaction date (the CY). Otherwise, you will need to correct depreciation history processed past the retirement effective date through a Fixed Asset General Journal Entry (FAN JE).

It is crucial to follow these Retiring a Fixed Asset instructions help properly record the retirement and related depreciation as of the GL (General Ledger) effective date of the transaction. See **Appendix A** for a flowchart of retiring Fixed Assets in MUNIS.

NOTE: The General Ledger Balance Sheet will reflect the retirement transaction and the asset status will be **Retired**, but the asset values (Acquisition Cost, Current Book Value, Accum Depr) will still appear on the asset record for historical reporting purposes from the Fixed Asset system.

Users should always post transactions to the current default year unless the adjustment is a result of a GASB 34 audit of the prior year's asset ending balance.

2 Retiring the asset

2.1 Identifying the retirement transaction

1. Are you retiring the asset due to a GASB 34 audit adjustment or to remove an asset posted in error?
 - a. If you answered **Yes**, then go to step **2.2 Changing the Deprec? (Y/N) field**.
 - b. If you answered **No**, then go to step **2.5 Processing the Retirement transaction** to dispose of the asset.

2.2 Changing the Deprec? (Y/N) field

1. From the MUNIS main menu, select **Financials**.
2. Select **(H) Fixed Assets Menu**.
3. Select **(B) Fixed Asset Processing Menu**.
4. Select **(D) Adjustments/Retirement**.
5. Find the asset—key **F** or click the **magnifying glass icon** to query the database.
6. Key in the desired asset number.
7. Click **OK**.
8. Click **Transactions**.
9. Click **Adjustment**.
10. Key **U** or click the **Update icon** to update the screen.
11. A prompt appears on the screen that reads, “Changes to Current Book Value are the only changes that will result in a journal entry for this transaction.” Click **OK** to acknowledge the message.
12. Tab through the screen and change the **Deprec?** field to **N**.

Asset: 10055 Desc: COMPUTER SYSTEM

	Before	Change	After	
Acquisition cost	1,144.00	.00	.00	Deprec? Y
Curr book value	762.60	.00	.00	Method 2
Estim salv value	.00	.00	.00	1st Yr/Per
Estim life	5	0	0	2002 7
Deprec principal	1,144.00	.00	.00	
LTD accum deprec	381.40	.00	.00	Repl Date
Periods taken	20	0	0	12/31/2006
SOY value	1,144.00	.00	.00	
Estim repl cost	1,144.00	.00	.00	
Last apprais val	1,144.00	.00	.00	

Reason

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Screenshot 1: Adjustment transaction screen of asset

13. Tab through the screen and enter a **Reason Code**, or press **Ctrl-W** or **F9** and select a **Reason Code**.
14. Click **OK**.
15. A prompt appears on the screen that reads, "Are these adjustments correct?" Click **Yes** to confirm. If the adjustments are not correct, click **No** and repeat steps **2.2-10** through **2.2-14** until they are correct.
16. A prompt appears on the screen that reads, "Adjustment-Manual Journal Entries may be necessary to account for asset's depreciation amount." Click **OK** to acknowledge the message.
17. Click **Exit**.

2.3 Identifying the depreciation history

1. From the Adjustments/Retirements screen of the asset, select **2nd -Screen** or key **2**.

Munis Main Menu - [ADJUSTMENTS & RETIREMENTS - 2003mr Test Database]

System Edit Windows Favorites Financials Payroll/Personnel Revenue/Billing Other Dept Admin Help

Action

- 2=Desc
- 3=G/L
- 4=Maint/Ans
- 5=Memos
- 6=Sources
- 7=Purch
- 8=Repair
- 9=Hist
- Chg-History
- Exit

Asset 10117 COMPUTER SYSTEM

Condition		Last Appraisal Value	1,345.00
Acquis Method		Start of Year Value	1,345.00
Install Date		Current Book Value	358.63
Last Inv Date	09/15/2003	Est. Salvage Value	.00
Est Useful Life	5	Replacement Cost	1,345.00
Capitalize?	<input checked="" type="checkbox"/>	Depreciate? (Y/N)	<input type="checkbox"/>
Titleholder		Depreciation Method	
Disposal Date		First Year/Period	1 12
Disposal Code		Depreciation Prin	1,345.00
Disposal Price	.00	LTD Accum Depr	986.37
Operations Cost	.00	Periods taken	44
Per (Units)		Last Year/Period	2004 2
		Scheduled Repl Date	12/30/2004

1 of 1

Display Description screen. NUM | OVR

Screenshot 2: 2nd screen of the asset record

2. Is the date in the **Last Year/Period** field the same as the CY? (Refer to Screenshot 2: 2nd screen of the asset record, above.)
 - a. If you answered **Yes**, click **Exit** and go to step **2.4 Identifying depreciation amounts** for the CY.
 - b. If you answered **No**, click **Exit**. Is the retirement due to a GASB 34 audit adjustment?
 - 01 If you answered **Yes**, go to step **2.4 Identifying depreciation amounts**.
 - 02 If you answered **No**, then go to step **2.5 Processing the Retirement transaction** to dispose of the asset.

2.4 Identifying depreciation amounts

1. From the main MUNIS menu, select **Financials**.
2. Select **(H) Fixed Assets Menu**.
3. Select **(B) Fixed Asset Processing Menu**.
4. Select **(C) Inquiries and Reports Menu**.

5. Select **(K) Asset History by GL Account**.
 - a. Key **S** or select **Seg-Find**.
 - b. Tab through the screen and key **62?2** in the **Object** field.
 - c. Press **OK**.
 - d. Key **D** or select **Define**.
 - e. In the **Year/Period** range fields, enter XXXX 01 and ZZZZ 13 where XXXX is the **First Year** in the **First Year/Period** field of the asset and ZZZZ is the **Last Year** in the **Last Year/Period** field of the asset (see *Screenshot 2: 2nd screen of asset record*).

For example, if the first year were 2000, you would type 2000/01 in the **First Year/Period** field, and if 2004 were the last year, you would type 2004/13 in the **Last Year/Period** field.

- f. In the **Effective Date** fields, enter 07012000 and MMDDYY where MMDDYY is the current transaction date.
- g. Enter the asset number in the **Fixed Asset Range** fields.
- h. Select **Both** under **Asset Types**.

Munis Main Menu - 2003mr Test Database - kdesupp - [ASSET HISTORY BY GL ACCOUNT - 2003mr Test Database]

System Edit Windows Favorites Financials Payroll/Personnel Revenue/Billing Other Dept Admin Help

OK
Help
Cancel

Report Ranges:

Year/Period	2001	1	to	2004	8
Effective Date	07/01/2000	to	05/03/2004		
Department		to	zzzzz		
Class code		to	zz		
Fixed Asset Range	12346	to	12346		

Asset Types ☐ Governmental
☐ Proprietary
☒ Both

Journal Source

Sort by ☒ Org ☐ Page break on fund
☐ Object ☒ Total by Account
☐ Project ☒ Totals Only

9,614 Record(s) found.

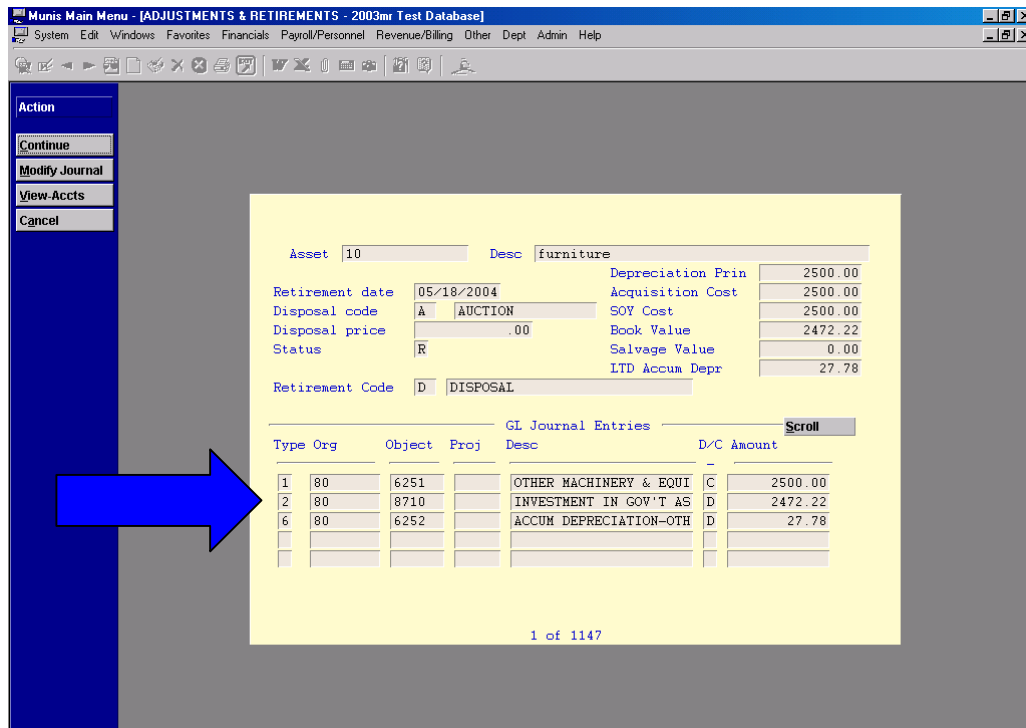
NUM QVR

Screenshot 3: Asset History List by GL Account

- i. Select the **Total by Account** checkbox.
 - j. Select the **Totals Only** checkbox.
 - k. Select **Process**.
 - l. Select the **Printer icon**.
 - m. Key **P** for print or **S** for spool.
 - n. Enter the name of the printer or spool file.
 - o. Press **ESC**; press **ESC** again.
6. The sum of the Debit total less the Credit total for the 8X-62X2 for the Accumulated Depreciation org/object of the report is equal to the asset's total accumulated depreciation balance.
 - a. Verify that the calculated total is equal to the **LTD Accum Depr** field of the asset record (see *Screenshot 2: 2nd screen of asset record*). If the totals do not agree, refer to the Asset Adjustment or Improvement procedure.
7. Reprocess the report to calculate the yearly depreciation expense for the CY.
 - a. From the Fixed Asset's Inquiries and Reports menu, select **(K) Asset History by GL Account**.
 - b. Key **S** or select **Seg-Find**.
 - c. Tab through the screen and key **0740** in the Object field.
 - d. Press **OK**.
 - e. Key **D** or select Define.
 - f. Enter XXXX 01 and XXXX 13 in the **Year/Period** range fields where XXXX is the CY (if you were directed to this step from section **2.10**, use CY-1 for the **Year**).
 - g. Select **Process**.
 - h. Select the **Printer icon**.
 - i. Key **P** for print or **S** for spool.
 - j. Enter the name of the printer or spool file.
 - k. Press **ESC**; press **ESC** again.
 - l. Calculate the CY yearly depreciation expense for later use in the FAN JE. This is equal to the sum of the Debit total less the Credit total for the 0740 object code of the report.
8. Calculate the GASB 34 total accumulated depreciation for later use in the Retirement transaction. This is equal to the sum of the **LTD Accum Depr** field (2nd screen of asset) as of **Last Year/Period** field less the CY yearly depreciation expense (calculated in step **2.4-7.I**).
9. Calculate the asset's GASB 34 Book Value to for later use in the Retirement transaction calculation. This is equal to the sum of the **Book Value** field (refer to *Screenshot 4: Asset retirement journal entry screen*) plus the CY yearly depreciation expense (calculated in step **2.4-7.I**)

2.5 ***Processing the Retirement transaction***

1. From the MUNIS Main Menu, select **Financials**.
2. Select **(H) Fixed Assets Menu**.
3. Select **(B) Fixed Asset Processing Menu**.
4. Select **(D) Adjustments/Retirement Screen**.
5. Find the asset—key **F** or click the **magnifying glass icon** to query the database.
6. Click **OK**.
7. Select **Transaction**.
8. Select **Retirement**.
9. Enter the **Retirement Effective Date**, if different from the current transaction date.
10. Select **Update**.
11. Select the **Disposal Code** (press **Ctrl-W** or **F9** for Help).
12. Click **OK**.
13. Enter the **Disposal Price** or leave at 0 if no cash is received.
14. Select the **Retirement Code** (press **Ctrl-W** or **F9** for Help).
15. Click **OK**.
16. Enter the **GL Effective Date** and the **GL Year and Period**.
17. Click **OK**.
18. If a prompt appears on the screen stating, “The final depreciation will be through XXXX-XX,” proceed to step a. If the prompt does not appear, then proceed to step b.
 - a. The prompt appears because the asset’s **Current Book Value** field amount is greater than 0 OR the asset’s **Depreciation? (Y/N)** field is equal to **Y**.
 - 01 Click **OK** to acknowledge the prompt and begin the depreciation calculation.
 - 02 Choose **P** for print or **S** for spool.
 - 03 Enter the name of the printer or spool file.
 - 04 Press **ESC**; press **ESC** again. Continue to step **2.5-19**.
 - b. The prompt **did not** appear on the screen because the asset’s **Current Book Value** field amount is less than or equal to 0 OR the asset’s **Depreciation? (Y/N)** field is equal to **N**. Continue to step **2.5-19**.
19. The asset’s retirement journal entry and amounts will appear on the asset retirement screen. (See *Screenshot 4: Asset retirement transaction screen*)



Munis Main Menu - [ADJUSTMENTS & RETIREMENTS - 2003mr Test Database]

System Edit Windows Favorites Financials Payroll/Personnel Revenue/Billing Other Admin Help

Action

Continue
Modify Journal
View Accts
Cancel

Asset 10 Desc furniture

Depreciation Prin 2500.00
Acquisition Cost 2500.00
SOY Cost 2500.00
Book Value 2472.22
Salvage Value 0.00
LTD Accum Depr 27.78

Retirement date 05/18/2004
Disposal code A AUCTION
Disposal price .00
Status R
Retirement Code D DISPOSAL

GL Journal Entries Scroll

Type	Org	Object	Proj	Desc	D/C	Amount
1	80	6251		OTHER MACHINERY & EQUI	C	2500.00
2	80	8710		INVESTMENT IN GOV'T AS	D	2472.22
6	80	6252		ACCUM DEPRECIATION-OTH	D	27.78

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Screenshot 4: Asset retirement journal entry screen

20. Complete the retirement transaction based on the following conditions:
- Is the retirement due to a GASB 34 audit adjustment AND is the **Last Year/Period** field is equal to the CY?
 - If you answered **Yes** to both questions, then continue to step **2.7 Posting a GASB 34 retirement transaction**.
 - If you answered **No** to both or one of the questions, then continue to the next step.
 - Was the asset posted in error, or is the asset's **Book Value** field (see *Screenshot 5: Retirement transaction of asset record*) equal to zero?
 - If you answered **Yes** to either question, then select **Continue**.
 - If you answered **No** to both questions, then select **Modify**.
 - Tab through the screen and change the org/object codes and/or the amounts based on the following conditions:
 - If 80-8710 appears, modify to 880-1930.
 - If 8X-8711 appears, modify to 88X-1930.
 - Select **OK**.
 - Select **Continue**.

Asset 10117 Desc COMPUTER SYSTEM

Retirement date 12/08/2003 Depreciation Prin 1345.00

Disposal code A AUCTION Acquisition Cost 1345.00

Disposal price .00 SOY Cost 1345.00

Status A Book Value 358.63

Salvage Value 0.00

LTD Accum Depr 986.37

Retirement Code D DISPOSAL

Type	Org	Object	Proj	Desc	D/C	Amount
6	80	6232		ACCUM DEPRECIATION-TEC	D	986.37
1	80	6231		TECHNOLOGY EQUIPMENT	C	1345.00
	880	1930		GAIN/LOSS SALE OF ASSE	D	358.63

Screenshot 5: Retirement transaction of asset record

2.6 Posting the Fixed Asset Retirement journal entry (FAR)

1. A prompt appears on the screen that reads, "Are you sure you wish to retire this asset?" Click **Yes** to confirm.
2. Choose **P** for print or **S** for spool.
3. Enter the name of printer or spool file.
4. Press **ESC**; press **ESC** again.
5. Review the output of the journal entry.
6. A prompt appears on the screen that reads, "No errors detected. Post changes made to asset?" Click **Yes** to confirm.
7. Click **Exit**.
8. Note that the **Status** of the asset is now **R** for **Retired**.

NOTE: It is suggested to change the location code of the retired asset to a generic location equal to 999, as the retired asset will remain in MUNIS. This will facilitate the inventory process for only active assets or assets with a location code that is less than 999 (location code field<999).

9. Was cash received for the sale or disposal of the asset?
 - a. **If you answered No, the Retirement transaction is complete. You may disregard the remainder of this document.**
 - b. If you answered **Yes**, record the cash receipts transaction or General Journal Entry to record the proceeds as follows:

Cash	10 6101	DR	
Gain/Loss on Sale of Assets	XXX ** 1930		CR

** Where XXX is revenue object in the fund that cash was received.
10. If the **Last Year/Period** field is equal to the CY and the retirement is NOT due to a GASB 34 audit, then the Retirement transaction is complete. **You can disregard the rest of this document.**
11. If one of the following conditions exists, then continue to step **2.8 Creating a Fixed Asset General Journal Entry (FAN JE)**.
 - a. The retirement due to a GASB 34 audit adjustment and the **Last Year/Period** field is equal to CY.
 - b. The asset was posted in error, the yearly depreciation is material and the auditor requires a FAN JE to reverse the depreciation expense.

2.7 Posting a GASB 34 retirement transaction

The following steps are **only applicable** if the transaction is a GASB 34 audit adjustment and the **Last Year/Period** is the same as the CY. Modify the fixed asset retirement journal entry (FAR) to reflect the asset's value as of the GASB 34 audit effective date. A Fixed Asset General Journal Entry (FAN JE) is then required to properly reverse the depreciation expense recorded for the CY.

1. Select **Modify**.
2. Tab through the screen and update the screen based on the following conditions (refer to *Screenshot 5: Retirement transaction of asset record*):
 - a. If 80-8710 appears, modify to 880-1930.
 - b. If 8X-8711 appears, modify to 88X-1930
 - c. If neither 80-8710 or 8X-8711 appears, then add 880-1930 or 88X-1930, as required (click **OK** and select **View-Accts** to see the asset's 2nd account appearing on the 3=GL screen of the asset. Select **Exit** to return to the retirement transaction).
 - d. DR 880-1930 or 88X-1930 is equal to the GASB 34 Book Value amount as calculated in step **2.4-9**.
 - e. DR 8X-62X2 is equal to the GASB 34 accumulated depreciation amount as calculated in step **2.4-8**.
3. Click **OK** and go to step **2.6 Posting the Fixed Asset Retirement journal entry (FAR)**.

2.8 Creating a Fixed Asset General Journal Entry (FAN JE)

The following steps are **only applicable** if the transaction is a GASB 34 audit adjustment and **Last Year/Period** is the same as the CY or if the asset was posted in error and the auditor requires the FAN JE to reverse the yearly depreciation.

1. From the MUNIS main menu, select **Financials**.
2. Select **(H) Fixed Assets Menu**.
3. Select **(B) Fixed Asset Processing Menu**.
4. Select **(J) FA General Journal Entry**.
5. Key **A** or select **Add**.
6. Enter the appropriate information in the following fields:
 - a. **Effective Date**
 - b. **Fiscal Year= CY**
 - c. **Period**
 - d. **Journal Reference**
 - e. **Short Description** (the asset number is suggested)
7. Tab through the other fields (keying information as needed) to reach the next screen.
8. Enter the journal entry detail (per the 3=GL screen for the asset's account types 5 and 6). Tab to begin entering each journal entry line item. Continue to tab through the lines until the journal entry is complete.
 - a. If the transaction is for a GASB 34 audit adjustment AND **Last Year/Period** is the same as the CY, enter in the **Org and Object** fields to equal 8X 62X2 of the asset's account type 6. The journal entry will reverse the CY depreciation expense.
 - b. If the transaction is for an asset that was posted in error, then enter in the **Org and Object** fields to equal 8X 871X of the asset's account type 2.
 - c. Enter the asset number in the **Asset Number** field.
 - d. Enter the reason code in the **Valid Reason Code** field (Press **Ctrl-W** or **F9** for help) in the **Journal Ref** field.
 - e. Enter Debit in the **D/C** field.
 - f. Enter in the **Amount** field the depreciation to be reversed (as calculated in step 2.4-7.1).
 - g. Tab to modify the second JE line as follows:
 - h. **Org/Obj** = 888XXXX OR 0008X01 0740.
 - i. Tab to the **D/C** field and change to **Credit**.
 - j. Press **ESC**; press **ESC** again.
 - k. Click **OK** and key **B** to browse and review the journal entry.
 - l. Click **Exit**; click **Exit** again.

2004 05 8 Ref: 8 Desc: 10117 Eff date: 11/20/2003

LN	ORG	OBJECT	PROJECT	DESCRIPTION	Addl Desc	Journal ref	Ref date	Amount
1	80	6232		10117		ER	11/20/2003	
				GOVERNMENTAL ASSETS				
				8-6232				
				ACCUM DEPRECIATION-TECH EQUIP	D/C D			500.00
2	8881100	0740		10117		ER	11/20/2003	
				REGULAR CLASS				
				8-000-1100-000-00-0740				
				DEPR EXPENSE-REGULAR INSTRUCT	D/C C			500.00
Debits								500.00
Credits								500.00

Enter the journal entry amount NUM OVR

Screenshot 4: Fixed Asset General Journal Entry screen

2.9 Printing the FAN JE

1. Click **Output-Post**.
2. Select **1-Current Journal only**.
3. Choose **P** for print or **S** for spool.
4. Select the printer or spool name desired.
5. Press **ESC**; press **ESC** again.

2.10 Reviewing the output of the journal entry

1. A prompt appears on the screen that reads, "No errors detected. Post Journal? (Y/N)."
 - a. If entry errors exist, click **No**.
 - 01 Select **Lines**.
 - 02 Enter the line number containing an error.
 - 03 Choose **Update** in the journal entry line detail.

- 04 Repeat steps **2.10-1.a.01** to **2.10-1.a.03** until you correct all the errors.
 - b. Click **Yes** if the journal entry is correct.
2. If the transaction is a GASB 34 audit adjustment AND the asset was posted in error, a FAN JE may need to reverse the CY-1 depreciation expense, if it is determined to be material. Check with your auditor if materiality is questionable. If it is material, then identify the CY-1 depreciation expense (calculate using step **2.4-7** and replacing step **2.4-7.f** with CY-1 for the **Year**) and repeat steps **2.8** to **2.11**, posting a FAN JE for the CY-1 and to year/period 13 of prior year.

2.11 Posting the Last Year Adjustments

Post the Last Year Adjustments ONLY if the FAN JE is for a GASB 34 audit adjustment.

1. Select **Financials**.
2. Select **General Ledger**.
3. Select **(D) End of Period Menu**.
4. Select **(I) Fiscal Year End Processing**.
5. Select **(G) Post Last Year Adjustments**.
 - a. Click **Define**.
 - b. Click **Return**.
 - c. Click **Output**.
 - d. Click **Exit**.

3 Appendix A

